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MEMORANDUM FOR: Acting Deputy Director for Administration

FROM   : John H. Waller
                 Inspector General

SUBJECT   : Our Final Report on OC

       1. Attached are two copies of the final report of our inspection
of the Office of Communications. Our memorandum of transmittal to the
Acting DCI is included.

       2. Your comments of 29 August 1977 led us to make some changes in
the report -- either to accommodate points we found valid or, where we
continue to feel our original position valid, to explain more fully.

       3. As part of our consideration of your comments, we have prepared
a written response that treats them in some detail. It, too, is attached.
A number of the comments seem to have missed the point, and we regret that
so many of them were not made when we asked for an informal review.

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John H. Waller

Attachment, a/s

cc: Director, Office of
        Communications

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Response to OC's and the Acting DDA's Comments on

the Inspection Report

1. OC's comments on the inspection report focus on the recommendations and suggestions. Unfortunately--because of defensiveness--OC misses the point of some of them. Moreover, OC seeks credit for being the first to recognize all of the problems discussed in the report. In so doing it has ignored the thrust of the report, which is that more needs to be done to <u>solve</u> the problems. Also, we regret that OC's formal comments include a number not made when it was asked to review the report for factual accuracy; fuller response to that part of the process would help achieve the kind of dialogue that inspections should produce.

2. Our main criticism, and a recurring theme of the report, was OC's shortfalls in managing people. The inspection team found that its management says many of the right things and undertakes to do many of the right things, but does not put them together in a way that is adequate for the need. The requirements of modern personnel management are more complex than they used to be, and for an organization such as OC the actual implementation of solutions is even more demanding.

3. In what follows we respond to the specific comments of OC and the generalized ones of the Acting DDA. To make it easier to understand our responses, for each of OC's comments on a recommendation we have reproduced the recommendation from the report and OC's comment and then given our understanding of the issue. In responding to OC's other comments and to the comments of the Acting DDA, we have not included references from the report because they seemed unnecessary.

Acting DDA's Covering Memorandum

a. <u>DDA Comment</u>

The draft Inspector General Report of 15 August 1977 has been reviewed. Some of the comments contained therein are useful, but the report appears to lack the depth for which we had hoped. The inspectors themselves were extremely pleasant individuals. Our people have generally described them as hardworking officers dedicated to a meaningful survey. It is regrettable in our opinion that the results of their efforts were not more substantial.

<u>Team Response</u>

The Acting DDA has orally indicated that what he and OC meant by "... the report appears to lack the depth ..." is a perception on their

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part that the team did not interview enough people below the senior level and, at the same time, placed too much dependence on personal interviews and did not spend enough time examining files.

These comments reflect a misunderstanding and lack of familiarity with modern techniques of conducting inspections. That the result of the inspection did not coincide with the perceptions of OC's management is not of itself a reflection that the findings are in error. In fact, in some instances OC's comments indicate that it did not understand the findings, because they were not addressed as stated.

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The comments also have nothing to do with the validity of our recommendations. Nevertheless, in response: 1) we probably interviewed too many people at all levels, some ▆▆▆ OC'ers in all, and 2) did request and examine files that seemed appropriate. We requested many file materials in the early stages of the inspection and relatively few as we progressed, although on a couple of occasions in the field the complete files of a unit were reviewed. Toward the end of the inspection we requested data that had to be extracted from file materials. We would note, too, that we asked for suggestions and indicated a willingness to consider examining what OC's management thought would be useful.

b. **DDA Comment**

In many instances, the comments contained in the Report appear to be unsupported by corroborating evidence. For example, the report states: "The situation was not helped when so many of the vacant positions were filled by engineers who were of the appropriate grade, but lacked field and managerial experience." This simply is not true, and a review of T/O's and individual personnel records would have demonstrated this.

Team Response

Corroboration was a rule of the game for the team. Had it not been, there were many other comments that might have been made.

The example quoted in the DDA comment is discussed below [see (m)]. Here, it will just be noted that managerial performance was not measured by statistics or completed boxes on personnel records.

c. **DDA Comment**

We do not see the point of making recommendations in the Report which were in effect prior to or during the period of the survey. Attached are our comments on specific recommendations and conclusions.

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Team Response

There is a deceptive element of truth to the charge made here. However, the Acting DDA's comment does not take into account that our introduction to Recommendations 1 through 5 did give OC credit for those things that it had undertaken--but went on to say that more needs to be done. Our introduction read as follows:

"Before making our recommendations on these issues, we wish to note that OC's management has not been unaware or indifferent about these matters. It has decided recently, for example: to try to the extent practicable to fill positions with volunteers; to try to obtain more GS-10 positions; to increase its use of QSI; to study the implications of creating the position of master journeyman; to authorize language training for employees and their spouses; and to consider a promotion list of some minimum number, all of whom would be promoted as vacancies occur and before anyone else became eligible.

Nevertheless, we believe that more can and should be done. We do not advocate raising the journeyman level, but believe that some journeymen communicators (and cryptographers) are underpaid, given their responsibilities and capabilities, and that most of them receive too little recognition. Accordingly, we recommend: ..."

Moreover, there is a big difference between having talked about doing something, or even promulgating an Office Notice about it, and actually doing something effective.

More on this subject follows in discussion of the specific comments. Here we note that because of some of them the just quoted introduction now includes a fuller explanation of our intended meaning and some of the recommendations have been rephrased to reflect points that we found valid-- most often by adding some point of information in order to clarify.

OC's Comments

d. From the Report

Recommendation 1: that the Director of Communications provide more opportunity and equity by promoting those who perform well in positions of higher grade and by creating the position of master journeyman (GS-10) for those of long service whose contributions are above the norm.

OC Comment

Recommendation 1: Create the position of master journeyman at the GS-10 level.

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During January 1977, after considerable study of the GS-09 promotion problem, the Director of Communications requested from PMCD the establishment of a senior journeyman at the GS-10 level for Telecommunication Specialist. It was hoped that 40 to 50 such positions throughout the network would alleviate the GS-10 bottleneck and help to solve one of OC's most serious problems.

This situation was discussed with members of the IG survey team during their early OC briefings.

Team Response

Granted, it was mentioned and we credited the office, in the paragraph introducing the first five recommendations (see above), with trying. But trying is not doing. Therefore, we urged that the office, in effect, keep on trying. It was hoped that our recommendation would help with PMCD. We also note that our recommendation advocates promotion of those who perform well in positions of higher grade; OC did not address this part of the recommendation. We have rephrased the recommendation to reflect more of what OC has attempted, to involve OP directly, and to show its two parts more clearly.

e. From the Report

Recommendation 2: that the Director of Communications use Quality Step Increases and achievement awards to reward those who may not be eligible for promotion but are otherwise deserving because of sustained high-level performance or unusual deed, and that he do so with the ceremony and publicity (within the Agency) to make them meaningful forms of recognition.

OC Comment

Recommendation 2: Use of QSI and achievement awards.

During a briefing of members of the IG survey team, it was pointed out that OC was attempting to increase the use of QSI's and achievement awards to improve the recognition of OC personnel and to help compensate for the lack of promotion headroom. In fact, the statistics of the past two years reflect this effort.

QSI's	OC	Agency
1975	2.9%	4.9%
1976	6.3%	4.6%
TQ	1.7%	1.0%

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Team Response

Here, too, OC seems anxious to be credited with broaching a subject, idea, or thought. Its response, however, addresses only part of the recommendation and ignores that the entire recommendation is presented as part of an integrated package of five recommendations focusing on increased recognition for the employee. We have rephrased the first part of the recommendation to reflect what OC has accomplished and have sought to show the recommendation more clearly.

f. From the Report

Recommendation 4: that the Director of Communications provide employees with timely information on available or forthcoming vacancies so that employees can express meaningful preferences.

OC Comment

Recommendation 4: Provide more timely information on vacancies.

During the early part of the survey, the OC EPVL system which has been in operation for over a year was described to members of the team.

The Expected Personnel Vacancy List (EPVL) was developed during the summer of 1976. It lists all vacancies expected to occur during the 12-24 month time period from the date of distribution. It also includes a Post Assignment Guide (PAG) which provides information on the amenities pertinent to those posts where vacancies exist. The PAG includes such information as post differential, cost-of-living allowance, furnished or unfurnished quarters, level of education available, medical facilities, etc. The total report is published quarterly. The first report was published in December 1976.

Team Response

The system for vacancies claimed by OC was not working or not known when the inspection team visited the field. What was clear was the widespread dissatisfaction with this aspect of the assignment process. This appears to have been an example of an administrative concept not being effectively translated into fact. We note here that the recommendation calls for "timely information ... so employees can express meaningful preferences." (Underlining added.) In our discussion with ▇▇▇▇▇ and ▇▇▇▇▇ they did indicate that they had sent the new lists to the field only once by the time we were visiting and that the lists were on microfiche, which discouraged their use. They said the lists have since been received in the field a second time and that the system is now working

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reasonably well. It is only noted that the concept was almost a year old at the time of the inspection and not working at that time.

Here, too, we rephrased to show that OC does have the EPVL and to make clear that the crux of the matter is that there be an effective method.

g. From the Report

Recommendation 5: that the Director of Communications make his recently reintroduced newsletter a regular monthly publication about people as well as technology and production and that, among other things, it be used to announce promotions, Quality Step Increases, awards, commendations, and other actions that recognize individual performance.

OC Comment

Recommendation 5: Publish newsletter monthly and include promotion and award announcements.

One of the reasons for the suspension of the OC newsletter in past years was the difficulty in obtaining a continual flow of interesting topical information. Monthly rather than quarterly publication will exacerbate this problem. OC will, however, experiment with bi-monthly publication and include promotion and award announcements.

Team Response

OC objects to making the newsletter a monthly, but indicates a willingness to experiment with a bi-monthly. A step in the right direction that we accept and have reflected in the recommendation.

h. From the Report

Recommendation 6: that the Director of Communications undertake with Office of Personnel's assistance a staffing study of Cable Secretariat and, because of the time such a study will take, that he provide for personnel for interim relief.

OC Comment

Recommendation 6: Increase Cable Secretariat staffing.

Since April, 1977, (more or less the entire time of the survey), the Automated Cable Dissemination System (CDS) has been under acceptance test in the Cable Secretariat. This process, which is now completed, required traffic to be simultaneously processed by the automated and manual methods.

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Obviously the dual processing required substantially increased manpower and extensive use of overtime. The alternative to use of overtime would have been to hire and train additional people for a short period (four months) who would not be required upon completion of CDS testing. Once CDS is fully operational, OC expects to experience a work load which will be about equal to their current staffing. If this should not prove to be the case, a survey will be requested to determine if there is a need to increase or decrease Cable Secretariat manpower.

Team Response

OC has misstated our recommendation and has criticized its strawman version. Our basic recommendation is that OC undertake a staffing study and, because such studies take so long, that some personnel be provided for interim relief. OC apparently agrees with the primary part, disagrees with the secondary. It remains our judgment that Cable Secretariat is an understaffed operation but, because we cannot provide proof that would warrant a QED, we are willing to limit the recommendation to the primary part, that there be study with an authority external to OC. The recommendation has been so amended.

i. From the Report

Recommendation 7: that the Director of Communications bring together the disparate, and now largely technical, planning elements of OC to perform long-range planning that will be comprehensive, and will look ahead to the kind of organization the Office should have in the future and to the steps necessary to achieve that organization.

OC Comment

Recommendation 7: Establish long-range planning.

During November 1976, OC initiated the staffing for a Planning Staff to concentrate on long-range planning. The staff was established on 17 January 1977 by OC Notice No. 01-77. During the survey period the Planning Staff was a new but functioning part of OC.

Team Response

OC claims the small staff created in January 1977 will do the long-range planning called for by this recommendation. We found that such planning is not being done, that the function has not truly been centralized, and that what is being done has not been broadened from its traditional narrow technical orientation--all of which are called for by the recommendation. It would have been better, however, if we had noted the recent creation of a planning staff; we have now done so in the text that

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precedes the recommendation. The wording of the recommendation has been modified to reflect that this first step has been taken.

j. **From the Report**

Recommendation 8: that the Director of Communications and the Deputy Director for Operations jointly remind users that communications are not free and should be used only when necessary, in as brief a form as possible; with appropriate, not overstated, precedence; and during normal working hours, except for good cause.

OC Comment

Recommendation 8: DDO and D/CO jointly remind users that communications is not free.

The Office of Communications works with the Directorate of Operations on a continuing basis to resolve communications work load problems on a case-by-case basis. A problem concerning the transmission of very lengthy managerial reports was brought to the attention of the DDO in 1976, and Chiefs of Station were instructed to take corrective action. More drastic or universal actions have not been deemed necessary since traffic volumes have only increased 10 percent in the past five years or at an average rate of 2 percent a year - a manageable rate for our present system and staff. However, there is a trend to exchange more information between the field and headquarters electrically in the future to increase efficiency, improve security, and to allow for modern management techniques. Projected DDO systems such as the Clandestine Records Application Field Terminal (CRAFT) and Collection of Operational Messages Electrically Transmitted (COMET) along with possible demands for exchange of financial, logistics and administrative information in data form will call for increased electrical information exchanges in the future. The Office of Communications has responded to these demands by developing systems which are less labor intensive. SKYLINK decreases the burden of circuit maintenance on the operator and the Automated Field Terminal (AFT) is designed to handle increasing information exchanges while decreasing work load. In summary, the Office is working to provide the most modern communication service possible for the DDO and the Agency as a whole while decreasing the burden upon our operators and challenging them to work in a more technically sophisticated environment.

Team Response

Again, substantial parts of the recommendation have not been addressed, those dealing with precedence and after-hours use. The emphasis of the OC comment, on volume and processing of overall traffic loads, does not address

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distortion (and cost) resulting from unrealistic out-of-hours precedence. Furthermore, while case-by-case review provides a handle for dealing with an aspect of the problem, we believe this would be more effective in the context of a comprehensive approach. No change was made in this recommendation except for some minor editing of its form.

In this comment the statistics cited by OC in its discussion of work load are inconsistent with others made available to us. We are told that traffic volume has increased only 10 percent in the last five years. But we were also told that traffic volumes have increased so rapidly that they are now greater than they were when Vietnam was at its peak. It does not help clarify whatever the OC view is on the point.

k. <u>From the Report</u>

Recommendation 9: that the Director of Communications, in consultation with the Deputy Director for Intelligence, the Deputy Director for Operations, and the Deputy Director for Science & Technology (a) define the communications security (COMSEC) threat and establish its significance to the intelligence effort; and (b) then develop procedures to take COMSEC considerations into early account in the planning, development, and procurement of Agency equipment and, as necessary to ensure that this is done, propose modifications in regulations.

<u>OC Comment</u>

Recommendation 9: Define the communications security threat and develop procedures.

9(a) In November, 1976, OC assigned a staff officer to work on the compilation of a CIA communications threat data base. In pursuing this effort, OC has found that threat information is not centralized within any one office or component within CIA, or for that matter, within any one agency within the Intelligence Community. An example of the condition that exists is typified by the fact that to pull together sufficient in-information for a threat assessment requires contacting up to ten different CIA components and several other intelligence agencies. OC has taken the initiative to bring this situation to the forefront and was responsible for a 15 July 1977 meeting on the centralization of threat information among CIA offices that have access to and produce this type of intelligence. The outcome of this meeting was a unanimous recommendation to establish a threat information focal point within the DDI.

9(b) This appears to be a summation of numerous comments known to have been passed to the inspectors by OC staff members. These comments are to the effect that OC has Agency COMSEC responsibility but without any real regulatory authority and that this lack of authority allows Agency elements to willfully avoid COMSEC involvement in planning and project activity. There is debate as to whether modifications to the regulations will solve the problem. The other solution is to get organizationally

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closer to the customer and increase employee awareness of COMSEC in hopes that elements will seek out and accept positively the guidance the staff provides.

Team Response

(a) The point of this recommendation is that the threat needs to be defined before one can take reasonable steps to counter it. OC may have "taken the initiative to bring this situation to the forefront ..." but it has hardly done what the recommendation calls for. At best OC may have taken a useful first step, but the recommendation remains to be addressed. We have added a footnote to reflect this step.

(b) When one strips the verbiage, OC seems to be agreeing with the recommendation, and we propose that action be taken to meet it.

1. From the Report

Recommendation 10: that the Director of Communications develop a plan and program of communications security education to reach the general population of the Agency, both those entering on duty and those on board, and that this program be implemented through the Director of Training.

OC Comment

Recommendation 10: Program of communication security education.

This recommendation resulted from a discussion between Chief, OC-CS, and one of the inspectors. The inspector posed the question of whether there was any area where COMSEC should be doing a better job. The response was, "Yes. In the field of COMSEC education to the Agency in general." It was amplified that OC recognized the deficiency but was constrained by resource limitations. It was also pointed out that the problem is prevalent in all agencies and departments and is not unique to CIA. Chief, OC-CS, opined that the organization best placed to routinely intercept all Agency employees for training is OTR. There was not further discussion regarding how such training might be instituted.

Team Response

Once again the idea is advanced as OC's. But its paragraph does not counter the recommendation, though it does imply diffidence about taking the initiative as we believe OC should.

*m. OC Comment

Inexperienced Engineers: The statement that <u>many of the vacant</u>

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* From here on we no longer quote from the report since the comments and responses do not seem to require such amplification. But for those who wish to refer to the report, page references are included.

positions were filled by engineers who lacked field and managerial experience is simply not true and should be removed from this report.

Team Response

In addition to what we have already noted on this comment (b, above), let it also be noted that many of the engineers in management positions offered themselves as proof of this statement. More important, the problems we have noted throughout the report would not exist, at least to the same extent, if OC's management--with its substantial number of engineers-- were more oriented to and experienced in working-level problems. We have added this kind of explanation to the text where the statement at issue appears. (Page 12)

n. OC Comment

Marriage to Foreign Nationals: OC would welcome uniform application of security rules to all Agency employees.

Team Response

Our Report made no recommendation, discussing the problem and recognizing the considerations leading to present practice. (Pages 22, 23)

o. OC Comment

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Per Diem at ▮▮▮▮▮ The per diem ▮▮▮▮▮ was reviewed about a year ago and $12 was judged to be adequate. It will be reviewed again this year.

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Team Response

Review this year is all that was suggested. No formal recommendation was offered. In times of rapidly changing costs more frequent review seems reasonable. (Page 24)

p. OC Comment

Career Counseling: There is always a question as to whether a professional career counselor who doesn't understand "commo" and overseas living problems, etc., is better than a communicator trained in career counseling. OC opinion is that the latter is more effective. Considerable time and effort has been devoted to assuring that those chosen for the counseling job have been well trained.

Team Response

We recorded some dissatisfaction with non-professional counselors but

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limited our suggestions to other matters, ones not addressed by OC.
(Pages 25, 26)

q. OC Comment

Management Philosophy: Centralized vs. Decentralized - The Office of
Communications is organized in a decentralized fashion as defined by almost
every management theorist. The overseas areas ███████████████████
█████████████ are located conveniently to deal with customers and care
for their needs. Field station correspondence, other than routine admini-
strative exchanges, are directed to the cognizant area for action and the
Area Chief determines what matters require referral to Headquarters. They
control the material required to maintain their portion of the communica-
tions network through their own logistics establishment. They manage the
personnel assigned to their area, oversee the personnel evaluation process
and have the basic input to the promotion process. The areas submit their
yearly budget for inclusion in the OC submission and have a degree of lati-
tude concerning adjustments to the programs for their area. The D/CO, as
the Chief Executive of the Office, must retain the policy-making function
to ensure that a standard level of service is provided around the world
and that office actions are in consonance with DCI and DDA directives.
The Headquarters staff essentially works in harmony with the areas to
negotiate with other agencies and departments to present a unified budget,
to allocate resources in response to the greatest need, maintain network
information and statistics, and to ensure that standard procedures and
practices are followed. The OC Headquarters staff also provides support
to CIA Headquarters and the Intelligence Community, provides telephone
and secure voice service, support to data exchange systems and communica-
tions for other directorates.

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Team Response

The problem here is one of perception. OC intends to benefit from
the advantages of decentralization, while its strong reflex of managerial
control tends to hold the reins on the area headquarters less than loosely.
It is a fact that OC mechanisms in Washington repeat much of what is done
in the field, or vice versa. Whether it is duplication, or actual control
(or centralization) in Washington, can be argued. The practice of both
doing much of the same thing tends toward the senior partner being looked
to finally for many substantive decisions. While we are inclined toward
actual strengthening of the decentralized features of the system, we made
no recommendation and simply suggested that OC take a fresh look at its
philosophy, and possibly its structure.

The gist of this response has been added to the text in order to ex-
plain more fully our position. (Pages 48, 49)

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ROUTING AND RECORD SHEET

: (Optional)

Our Final Report on OC

FROM:			EXTENSION	NO.
Inspector General				DATE 23 September 1977

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
		RECEIVED	FORWARDED		
EO/DDA 26 SEP 1977					25X1A
1. ADDA	27 SEP 1977		■	
2. Mr. Yale	9/29			
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